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2004 Post-Session Newsletter

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Saving ICHIA

A critical new law will help protect high-risk patients

Many people wrangle with the costs and frustrations of health insurance. For those deemed high-risk, the frustration increases as options gradually decrease.

High risk patients suffer from a myriad of chronic diseases including hemophilia, HIV/AIDS, and kidney failure. Survival depends entirely on access to expensive treatments like dialysis, blood transfusions, and transplants. When a person with these health problems loses his or her insurance, the results can be financially devastating.

In 1981, the legislature created the Indiana Comprehensive Health Insurance Association (ICHIA) in order to help serve those individuals that do not qualify for Medicare or Medicaid and cannot receive coverage in the commercial health care market due to their high risk status. The

program serves approximately 9,000 Hoosiers.

Like a typical insurance policy, participants pay premiums in order to help finance the program. However, unlike typical patients, members of the high risk pool's expenses often exceed the amount paid in premiums. To help cover the losses incurred, the state calculates the net loss and then uses a formula based on a variety of factors to recover the loss among over 200 member insurance companies. In return, these companies receive tax credits for their losses, which sometimes amount to millions of dollars.

Recently, the program's financial viability came into question, forcing legislators to tackle the issue in a commission during the interim. Leaders from the insurance industry and legislators collaborated on the

problem and formulated a measure to heal the ailing system.

House Enrolled Act 1273 restructures the program's funding mechanism to ensure long-term solvency. Beginning Jan. 1, 2005, the bill makes insurers responsible for 25 percent of net losses and the state responsible for 75 percent. The bill eliminates the ability of member insurance companies to accumulate additional tax credits. However, beginning in 2007, insurers can claim up to 10 percent of their accumulated credits each year until the credits are fully utilized.

Previously, the state absorbed 100 percent of the loss via tax credits. This plan will provide adequate funding for the program, but not require state spending beyond levels that have been required to pay tax credits. So both the state and member insurance companies benefit from the plan.

ICHIA provides an invaluable service. For some citizens, their survival literally depends on the program's survival. HEA 1273 ensures ICHIA remains a choice for those without options.

2004 Facts & Figures

The Second Regular Session of the 113th General Assembly began on Organization Day, November 18, 2003, and adjourned March 4, 2004.

Senate bills introduced: 503

Senate bills passed: 18

House bills introduced: 459

House bills passed: 80

Senator Lawson was present for 100% of the Senate votes

For more information about the General Assembly's 2004 session, visit us online at: www.in.gov/legislative

Visit my site at: www.in.gov/S24

State Senator Connie Lawson

Serving District 24 — Hendricks & Putnam Counties



Property Taxes Remain Priority

The Indiana General Assembly started the 2004 legislative session earlier than usual to address property tax issues. Ordinarily, the legislature convenes for one day on the third Tuesday in November, called Organization Day, in order to meet and do general 'housekeeping' business.

This session, legislators conducted committee meetings and held session in November and December to attempt to ease the property tax burden for homeowners, farmers, and employers hit with higher tax bills than expected.

Due to the court-ordered property tax reassessment, some problems have surfaced in a few counties around the state. During several weeks in the fall, members of the Senate Finance Committee met around the state to gather information and evaluate state policy on property taxes.

The result of the "mini-session," Senate Enrolled Act 1, includes many of the good ideas citizens offered to help address the problems.

One of the most important provisions of SEA 1 will limit future property tax increases

What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments' ability to raise and spend excess levies and requires any excess funds to be used to reduce future levies

es through strict controls on local government spending. In 2002, legislators tried to anticipate the effects of reassessment and passed a bill that shifted the tax burden to sales and gaming taxes in order to generate an additional \$1 billion in tax relief for property owners.

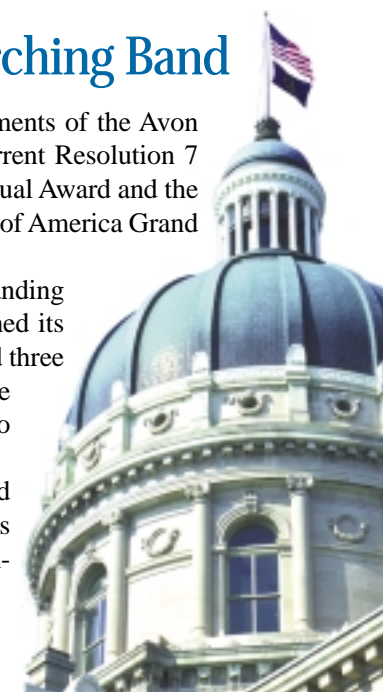
— see PROPERTY TAX, page 3

Resolutions Honor the Avon Marching Band

I authored two Senate Resolutions honoring the achievements of the Avon High School Marching Black and Gold. Senate Concurrent Resolution 7 congratulated the band for receiving the Outstanding Visual Award and the Al Castronovo Esprit de Corps Award during the 2003 Band of America Grand National Championship.

Senate Resolution 46 congratulated Avon for their outstanding 2003 season. The Marching Black and Gold Drumline gained its seventh state championship in a row. The band also achieved three consecutive Indiana State Championships, making them the only band to achieve this title while changing from Class B to Class A.

The enormous success of the Marching Black and Gold has been due to the hard work and dedication of the students and their directors, as well as the support of the Avon community. I am very proud of their accomplishments.



Medicare Fraud Schemes Target Senior Citizens

Senior citizens should be alert and aware of identity theft schemes that are intended to defraud the Medicare program. Although this program is run by the federal government, state legislators have been alerted to a scam that could carry a devastating cost.

There have been reports in Indiana, Nebraska, Oklahoma and Georgia of individuals going door-to-door to sign up senior citizens for the Medicare Prescription Drug Cards or to sell them Medigap insurance. Seniors are offered an opportunity to sign up in exchange for their Medicare numbers. MEDICARE DOES NOT GO DOOR-TO-DOOR.

Seniors can protect themselves:

- Never give your Medicare, Medicaid, or Social Security number to anyone who comes to your door.
- Never give these numbers to anyone who promises "free services."
- Hang up on telemarketers who ask for any of these numbers or for your bank account number.

Call, toll-free, 1-800-986-3505 to report suspected Medicare fraud and abuse. It will ring into your local Area Agency on Aging. Area Agencies are part of the Medicare fraud prevention project called Senior ESP. All suspected fraud and abuse case information is confidential.

Election Reform:



Restoring trust to the democratic process

When Hoosiers visit their polling places during our May primary or the November election, most don't think about voter fraud. Most abide by our laws and rules, but Indiana has experienced an influx of questionable voter practices over the past few years. I, along with Secretary of State Todd Rokita, worked hard with the rest of the General Assembly this session to pass a series of election reforms aimed at ensuring elections are conducted fairly, cleanly and legally.

Senate Enrolled Act 72 focuses heavily on voter registry lists and voting systems, two areas where fraud occurs most often. This act gives counties the authority to purge county voting rolls to eliminate from the list those who have died or left the county. Previously, these lists were not allowed to be updated. Therefore, deceased citizens' names were targets for manipulation and deceitful voting.

The county voter registration office can conduct a voter list maintenance program. Each county must mail out notices to all registered voters. If the

voter fails to respond, he or she is classified as inactive and must be cancelled by the office after the second election.

The second major area addressed in SEA 72 is voting systems. The act gives the Indiana Election Commission the authority to control what voting systems are sold and marketed in the state.

"The right to vote is a consequence, not a primary cause, of a free social system, and its value depends on the constitutional structure implementing and strictly delimiting the voters' power."

— Novelist Ayn Rand

Vendors of voting systems must submit an application to the commission before they can market their systems in the state. They must fill out the applications truthfully, under penalty of perjury. Failure to submit an application could result in a ban on selling systems for up to five years.

Election reforms were some of the most significant changes made during this short legislative session. America is a representative democracy, based on the idea that citizens choose their leaders. I believe that ballot fraud that weakens the election process should not be tolerated. Public confidence in the integrity of voting systems is waning, but Senate Enrolled Act 72 should help revitalize the confidence that Hoosiers once had.

WORKING - for - JOBS

In 2003, the Senate passed legislation with significant economic development measures, dubbed the JOBS plan. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find jobs.

Despite a \$1 billion state budget deficit, the Senate has continued to seek new ways to foster a more competitive atmosphere for businesses in Indiana.

One critical bill, House Enrolled Act 1365, passed the Senate this session and should provide some new momentum for our economic development efforts. It is a combination of several bills that focus on expanding small business investment, improving research and development and encouraging growth around the state.

Economic Development Provisions in HEA 1365

- Makes research and investment tax credits permanent.
Economic Importance: Businesses will have confidence to invest in creating innovative new products knowing the credits are stable.
- Adds the Emerging Technology Grant Fund to the 21st Century Research and Technology Fund.
Economic Importance:The Fund will match federal grants for small-sized technology-based businesses to accelerate the commercialization of new discoveries in the life sciences, information technology, advanced manufacturing, or logistics industries.
- Gives tax incentives to businesses who locate new or expanded operations on closed military bases.
Economic Importance:Incentives given to businesses on Grissom Air Force Base, Fort Benjamin Harrison and Crane Naval

PROPERTY TAX CONTINUED FROM PAGE 1

Property taxes are very complex compared to other ways government programs and services are financed and the debate

continued when session reconvened in January. House Enrolled Act 1001 was enacted to clarify and update language in SEA 1.

Senators also recognized the need to restore the value of certain targeted property tax deductions to levels prior to the

reassessment. SEA 296 updates existing deductions for the elderly, blind or disabled, wartime service disabled, disabled veterans, surviving spouses of WWI veterans, WWI veterans, residential property rehabilitation, historic property rehabilitation, and residentially distressed area property rehabilitation.



ALL IN A DAY'S WORK: Senator Lawson reviews bills that were heard in the Senate Committee on Elections & Civic Affairs. Read more about election reform on page 2.

Surface Warfare Center will spark the local economy. New tax incentives are vital due to the elimination of the inventory tax by 2007.

- Improves rules regarding Community Revitalization Enhancement Districts (CREDs).
Economic Importance: CREDs are important economic development tools for the downtown areas of our cities. Expanding and improving CREDs will further these efforts.
- Allows local governments to assess an annual fee to recipients of tax abatements.
Economic Importance: The fee would be used by local economic development boards to help provide more jobs within the area. It would help small rural communities that do not have big budgets for economic development.
- Repeals the sales tax on complimentary hotel rooms.
Economic Importance: Indiana will be more competitive with other states in attracting tourism and convention business.

The provisions mentioned are only several of many economic development bills filed this session. We will continue our effort to provide Indiana with the tools needed to improve our economic climate.

HOUSE ENROLLED ACT 1265 — Establishes a program pooling state employees to negotiate lower prices for bulk purchases of prescription drugs. Applies to schools, state colleges and universities, and cities and towns. PASSED. My vote: YES

HOUSE BILL 1437 — Creates a program to provide community treatment and mental health and addiction services for offenders with mental illness or addictive disorders who have not been charged or convicted of a violent crime. PASSED. My vote: YES

HOUSE ENROLLED ACT 1082 — Requires a review of entries in the Missing Children Clearinghouse within 60 days after the review required by laws governing reports made to the National Crime Information Center (NCIC). PASSED. My vote: YES

HOUSE ENROLLED ACT 1194 — Opens state records regarding a child who died as a result of abuse, abandonment, or neglect. Requires extensive background checks on all members of a household for temporary and permanent placements. PASSED. My vote: YES

SENATE JOINT RESOLUTION 7 — Would have begun the process of amending the state constitution to define marriage as the union of one man and one woman. Because it failed in the House, the earliest the provision could appear on the ballot is 2008. FAILED. My vote: YES

SENATE ENROLLED ACT 86 — Allows a voter to check "address unchanged" box on poll list instead of writing entire address when signing in to vote. Would save voters time when polls are crowded. PASSED. My vote: YES